

National Carbon Offset Coalition, Inc.

Carbon Credits . . . A Unique Market-Based Approach

Benefits of Participating in Carbon Sequestration





Major Greenhouse

*NCOC's principal
Green House Gas
focus*

Carbon Dioxide (CO₂)

Methane (CH₄)

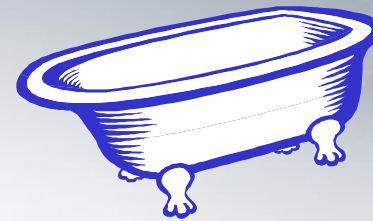
Nitrous Oxide (N₂O)





Carbon Sequestration Is . . .

The process of removing CO₂ from the atmosphere and converting it into stored compounds is called sequestration.



Carbon Sinks

Sinks are defined as processes or activities that remove a greenhouse gas from the atmosphere.

Atmospheric concentrations of CO₂ can be lowered by either reducing emissions or by taking CO₂ out of the atmosphere via photosynthesis and storing it in terrestrial, oceanic, or freshwater ecosystems.



Three Types of Carbon Sequestration

Geologic

- Piping CO₂ into depleted oil and gas fields.

NCOC's principal focus

Oceanographic

- Piping CO₂ from the source to the bottom of the ocean.

Terrestrial

- The long-term storage of carbon in soil (as soil organic matter) or in plant material (such as in trees).



What Terrestrial Practices Sequester Carbon?

No-till or reduced tillage

Winter cover crops

Increased crop productivity

Intensified crop rotations
(double crop)

Conservation buffers





What Terrestrial Practices Sequester Carbon?

Tree planting

Grazing lands initiative

Restoration of degraded soils

Any practices that improve soil
organic carbon





Simply Put, NCOC's Mission

Provides an opportunity for landowners, corporations, tribal and local governments to participate in a market-based conservation program that can help offset the the environmental impacts of carbon dioxide emissions.

The program offers corporations a cost-effective way to achieve their carbon dioxide emission reduction goals

The transfer of carbon credit rights is a new marketable commodity that provides landowners and communities a new source of revenue



NCOC Carbon Credits Definition

- The quantity of carbon offered in a trade; for example, the amount claimed to be sequestered in soil or trees.
- Carbon sequestration units (CSU's). Equal to one metric ton of atmospheric CO₂ reduced or avoided from an agreed baseline amount. To create a CSU, the amount of CO₂ must be measured, verifiable, and registered.
- One ton of carbon contains 3.67 tons of co₂equivalent (atmospheric CO₂).



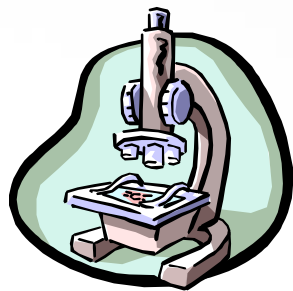
Project Planning Handbook

The NCOC Project Planning handbook addresses critical planning issues identified by the intergovernmental panel on climate change.

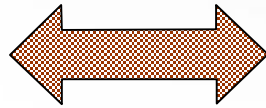
- Additionality
- Leakage
- Permanance
- Monitoring
- 3rd Party Verification
- Ancillary Benefits



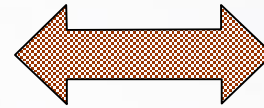
NCOC Combines . . .



Science



Policy



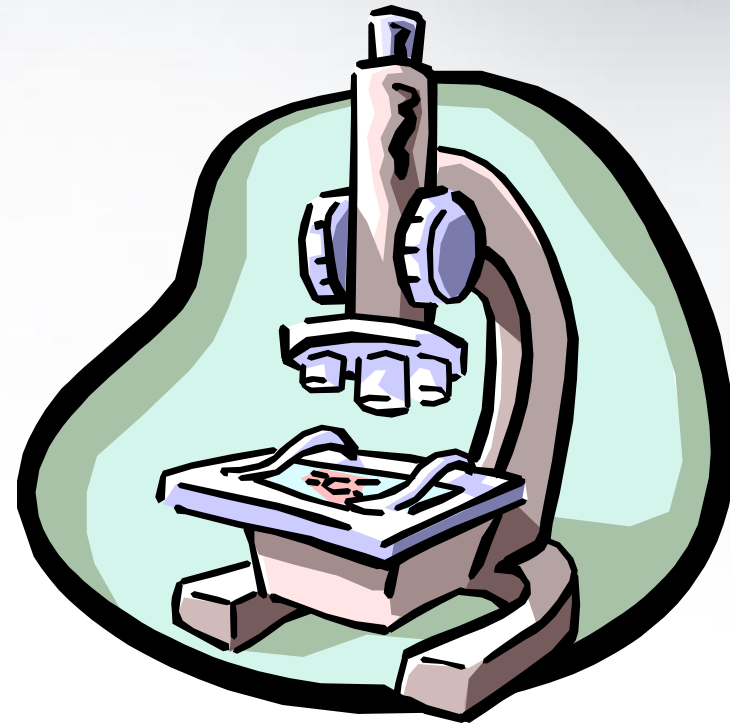
Market



Science . . .

Member of the Big Sky Regional
DOE Partnership which includes
universities, national research
laboratories

Designing standards & protocols to
meet emerging markets and
1605 B requirements





Policy . . .

Tracking the rules and
guidelines for 1605b
registry

Providing public comment

Developing climate trust

Reviewing state registries

Developing
standards/protocols



Market . . .

Working with emerging
markets

Direct trades through buyers

Working with landowners,
Tribal governments, &
others to design contracts

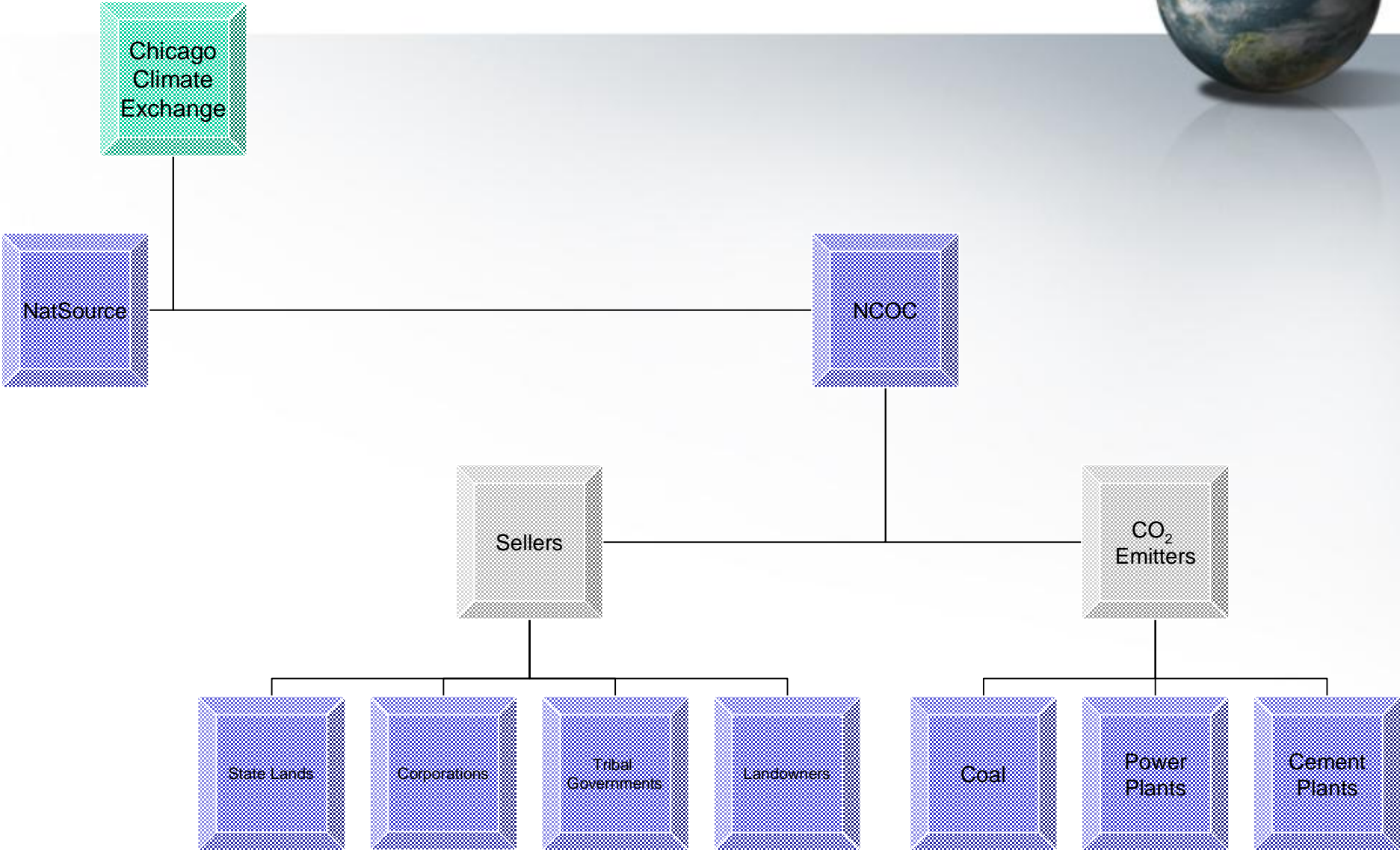


Types of Land Use Categories Needed



- Reforestation: Lands previously forested, but recent natural and/or artificial reforestation efforts have failed
- Afforestation: Establishing trees on sites not naturally forested but capable of supporting forest stands
- Agroforestry: Field and Farmstead windbreaks, Riparian Forest Buffers, Hybrid Polar Plantations
- Fire Rehabilitation: Forested lands destroyed by wildfire.
- Cropland: Minimum till to no-till and reseeded of grass on marginal croplands
- The cropland pilot will have three key inter-related dimensions, resulting in geographically constrained field tests in north central Montana and broad market exploration activity across the four-state region.

NCOC Organizational Chart



Process Outline for NCOC Portfolio Sale



NCOC has defined an initial process for assembling individual projects into a group of projects (portfolio) that contains the necessary amount of CSU's to meet buyer or trading system requirements. Under this process, the following steps are foreseen:

- 1. A landowner agrees to prepare a project plan for implementation in the event that a sale is achieved.**

- 2. A qualified resource professional works with the landowner to develop an Initial Proposal (IP) within the guidelines of the NCOC Project Planning Handbook.**
 - a. The IP is reviewed for technical adequacy by NCOC Technical Adviser.
 - b. The IP is accepted by NCOC as adequate

Process Outline for NCOC Portfolio Sale



- 3. The landowner signs a Listing Agreement with NCOC**
 - a. Listing Agreement includes threshold price that seller will accept.
 - b. Landowner is provided with full information about payment schedules, fees, etc., so that they know exactly how the sale will function if it goes through.

- 4. NCOC includes the IP within a prospective portfolio to broker.**

- 5. Broker offers prospective portfolio to potential buyers.**

Process Outline for NCOC Portfolio Sale



- 6. Buyer makes buy offer through Broker.**
 - a. Buy offer includes price, quantity, and term for purchase.
 - b. Buyer lists requirements, if other than regular, for monitoring, verification, qualifications for registry, etc.

- 7. NCOC accepts offer and associated conditions if consistent with listing agreement. If not, NCOC seeks landowner's approval prior to accepting offer.**

Process Outline for NCOC Portfolio Sale



8. Preliminary sale is executed

- a. Some money (1/2??) needs to be paid up front.
- b. NCOC has 6 months to firm up carbon estimates, measurements, documentation, etc. and provide buyer with solid assurance. Buyer has money-back protection during this period.
- c. Base line field measurements completed, contracts signed with landowner.

9. NCOC provides the buyer with a Certificate of Assurance containing final measurements, conditions, commitments, etc. meeting buyer demands. Buyer accepts.

Process Outline for NCOC Portfolio Sale



- 10. Sale is final. Final payments made to NCOC.**
- 11. NCOC settles up with Landowners, Affiliates (if applicable), Technical Providers, etc.**

Overall Benefits to Emitters



- Industry may find that purchasing CSU's as an offset for their emissions is an economical way to meet their emission reduction needs.
- Enhances the health and sustainability of the ecosystem.
- Offers participating corporations a cost-effective way to produce enough CSU's to achieve their carbon dioxide emission reduction goals.
- NCOC provides the buyer with a Certificate of Assurance containing final measurements, conditions, commitments, etc. meeting buyer demands.
- Companies can take voluntary steps now to establish their own emissions credit programs for greenhouse gases, in anticipation of "some type" of GHG market-based initiative, which seems likely, at some point, either on a national or international scale. By doing so, they can demonstrate their commitment to reducing carbon dioxide emissions and best position themselves to have their reductions recognized whenever a formalized program is introduced.
- Creates positive public relations.

NCOC's Benefits to Landowners



- Landowners gain the practical experience in producing carbon credits for future markets.
- Flexible contractual agreements — ranging from five (5) years to long-term 80+ years.
- Carbon sequestration credits offer landowners a new “potential” source of revenue.
- Enhances the health and sustainability of the ecosystem.



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